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CABINET AFFAIRS STAFFING MEMORANDUM

Date: 7/6/84 **Number:** 169028CA **Due By:** _____

Subject: Cabinet Council on Natural Resources and Environment with the
President - July 9, 1984 - 11:00 a.m. - Cabinet Room

ALL CABINET MEMBERS	Action	FYI		Action	FYI
Vice President	<input checked="" type="checkbox"/>	<input type="checkbox"/>	CEA	<input checked="" type="checkbox"/>	<input type="checkbox"/>
State	<input checked="" type="checkbox"/>	<input type="checkbox"/>	CEQ	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Treasury	<input type="checkbox"/>	<input checked="" type="checkbox"/>	OSTP	<input type="checkbox"/>	<input type="checkbox"/>
Defense	<input type="checkbox"/>	<input checked="" type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
Attorney General	<input checked="" type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
Interior	<input checked="" type="checkbox"/>	<input type="checkbox"/>			
Agriculture	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Baker	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Commerce	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Deaver	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Labor	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Darman (For WH Staffing)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
HHS	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Jenkins Chapman	<input type="checkbox"/>	<input checked="" type="checkbox"/>
HUD	<input checked="" type="checkbox"/>	<input type="checkbox"/>	McFarlane	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Transportation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Svahn	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Energy	<input checked="" type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
Education	<input checked="" type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
Counsellor	<input checked="" type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
OMB	<input type="checkbox"/>	<input checked="" type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
<u>CIA</u>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
UN	<input type="checkbox"/>	<input checked="" type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
USTR	<input type="checkbox"/>	<input checked="" type="checkbox"/>			
GSA	<input type="checkbox"/>	<input type="checkbox"/>	CCCT/Gunn	<input type="checkbox"/>	<input type="checkbox"/>
EPA	<input checked="" type="checkbox"/>	<input type="checkbox"/>	CCEA/Porter	<input type="checkbox"/>	<input type="checkbox"/>
OPM	<input type="checkbox"/>	<input type="checkbox"/>	CCFA/	<input type="checkbox"/>	<input type="checkbox"/>
VA	<input type="checkbox"/>	<input type="checkbox"/>	CCHR/Simmons	<input type="checkbox"/>	<input type="checkbox"/>
SBA	<input type="checkbox"/>	<input type="checkbox"/>	CCLP/Uhlmann	<input type="checkbox"/>	<input type="checkbox"/>
			CCMA/Bledsoe	<input type="checkbox"/>	<input type="checkbox"/>
			CCNRE/	<input checked="" type="checkbox"/>	<input type="checkbox"/>

REMARKS: Attached are the papers prepared by the Department of the Interior and the Environmental Protection Agency for the Environmental Policy Update briefing scheduled for Monday, July 9, 1984 at 11:00 a.m. in the Cabinet Room.

RETURN TO:

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Assistant to the President
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ENVIRONMENTAL ISSUES

OVERVIEW

Public support protecting our environment is widespread. Nearly three-quarters of all Americans consider themselves to be "environmentalists."

When EPA was created in 1971, pollution could be seen, smelled and touched. These obvious problems are now largely under control. Levels of air pollution are consistently lower. The volume of pollutants going into the Nation's waters has fallen. As a result, many streams, lakes, and rivers have shown dramatic improvements--people fish and swim in waters that were before near lifeless and hazardous to health.

Today, our problems are far more subtle and complex. Our decisions, even for control of conventional sources of pollution, are less clear cut. Removing the last 10 percent of pollution can cost more than the first 90 percent. Finding the right balance between costs and benefits is increasingly difficult.

Toxic substances are now at the forefront of concern. Two hundred years of industrial progress have left this generation with a heritage of hazardous wastes that we now must clean up, destroy, or isolate from people and the environment. More wastes are created daily, and critical industrial products, pesticides and herbicides can present risk when they go astray.

The issues surrounding the sources, effects, and appropriate controls of these toxic substances raise questions of science, technology, and public policy that are as difficult as they are important. Too often we lack certainty as to the degree of risk, and do not have proven technology to control it.

Three things are required to sustain this record of progress:

- o the science on which we base decisions must be improved,
- o the right management choices must be to eliminate the biggest risks first,
- o we need better data

The Agency has the resources needed to effectively protect the environment and public health. The Administration requested and Congress enacted an amendment to the FY 1984 President's Budget substantially raising EPA spending. The FY 1985 President's Budget for EPA provided one of the largest percentage increases over 1984 levels of any department or agency.

Air - Significant Progress Since the Mid-Seventies

The Clean Air Act of 1970, amended in 1977, has led to significant progress in national air quality since the midseventies. Major strides have been made toward meeting the national ambient air quality standards designed to protect public health. All six of the major air pollutants are on a downward trend, some with remarkable results. For the period 1975-1982, national air quality for carbon monoxide, largely an automotive pollutant, has improved 31 percent; air quality for lead has improved an impressive 64 percent during the same period. [See attached table]

These gains in air quality are a result of a societal commitment that is estimated to have cost approximately \$150 billion, with controls at power plants and automobiles representing the major components of the control investment.

o Inspection and Maintenance (I/M)

The 1977 amendments require that states meet the national ambient air quality standards no later than December 31, 1982. A state, however, could receive an extension up to 1987 for ozone and carbon monoxide, the two automotive pollutants. One condition for the extension is that major urban areas not meeting the standards for those pollutants must implement a program of motor vehicle tailpipe emissions tests (Inspection and Maintenance, I/M) that requires vehicles to be tested for pollutants and repaired, if necessary. Under the Act, EPA has no

discretion_ but to require these often unpopular I/M programs. The I/M programs currently exist for some 40 metropolitan areas in 24 states-with three more states scheduled to begin in 1985. While the average failure rate is about 14 percent, average repair costs are about \$20-30 and the average inspection fee is about \$6, it has been demonstrated time and again that I/M works. After the initial controversy quiets down, most communities have found that they operate with rather modest inconvenience and expense.

NATIONAL AIR QUALITY AND EMISSIONS TRENDS REPORT

FOR THE PERIOD 1975 TO 1982

<u>POLLUTANT</u>	<u>PERCENT REDUCTION IN AMBIENT CONCENTRATIONS AT EXISTING MONITORS</u>	<u>PERCENT DECREASE IN VIOLATIONS OF THE NATIONAL STANDARD</u>	<u>CHANGE IN EMISSIONS</u>
PARTICULATES	-15%	--	-27%
SULFUR DIOXIDE	-33%	-91%	-17%
CARBON MONOXIDE	-31%	-87%	-11%
NITROGEN DIOXIDE*	0	--	+5%
OZONE	-18%	-49%	-13%**
LEAD	-64%	--	-69%

*Nitrogen Dioxide levels increased slightly from 1975 to 1979 and have declined since then back to the 1975 level.

**All volatile organic compounds.

Source: National Air Quality and Emissions Trends Report, 1982;
US EPA, March, 1984.

ACID RAIN

The Situation: The Acid Rain debate has scientific, political and economic components. We know that some lakes in the Adirondacks downwind from large sources of sulfur dioxide (SO_2) have become acidified and air pollution is suspected as a causal factor in declines of growth rates and other deleterious changes in forests. We currently control sulfur dioxide and we know that further reductions and retrofitting of existing power plants to reduce emissions would be expensive (\$3.5 to \$4.5 billion per year for an eight million ton SO_2 reduction) and disruptive (there would be either job dislocations because of shifts to low sulfur coal or huge capital expenditures for scrubbers).

Scientific Uncertainty: There are several information gaps which are relevant to policy development. We do not know the extent or the pace of the damage. We do not know whether the situation is rapidly deteriorating or part of a decades-long phenomenon. We do not know whether (1) most of the damage has been done and all we have to do is hold emissions constant or (2) current emission levels will cause more and more lakes to be acidified over time. We know very little about the scope or causes of forest damage.

The relationship between sources of pollution and the receptor showing damage is highly uncertain, rendering it extremely difficult to develop "targetted" control strategies. We know very little about "dry" deposition and we cannot measure it accurately. We also do not know the extent to which nitrogen oxide controls could reduce the need for sulfur oxide controls.

Congressional Proposals: Several members of both houses of Congress have put forth amendments to the Clean Air Act which would address the problem of acid rain. Some of these proposals simply provide for more research; most prescribe a reduction of total sulfur dioxide emissions in the range of eight to twelve million tons. Action this year is not likely.

The President's Program. On the basis of current scientific uncertainty as to the causes and effects of acid precipitation, the Administration believes that it is premature to recommend additional sulfur dioxide controls at this time. In the State of the Union the President outlined a precautionary program:

- o Doubling our research budget on the causes and effects of acid rain. (\$55.5 million in FY 1985)
- o Committing \$67 million to research on pollution control technology.
- o Identifying sensitive lakes and establishing a state grant program to mitigate the effects of acid rain (liming) and to restock fish.
- o Continuing consultations with Canada under the Memorandum of Intent.
- o Cooperating with states in developing mechanisms for reducing interstate pollution.
- o Reviewing regulatory impediments to building new, cleaner power plants and early retirement of older ones.

Research: Future research will address sulfur dioxide and nitrogen oxides control technology as well as the effects of mitigation (lake liming) of the lake acidification problem. EPA will sample 2000 to 3000 lakes by the spring of next year. This national lake survey will yield an assessment of the chemistry, biology and received deposition. We will develop a pilot dry deposition monitoring network, conduct tracer experiments in order to relate pollution sources to receptor sites, and complete a survey of forest damage.

Based on a limited amount of data, it appears that over a wide area of the Eastern United States, there has been a pronounced decline in tree diameter growth of several species of trees over the past two decades. In high altitudes, a more severe set of symptoms called dieback has been observed. We have seen significant losses in several species of trees. In Europe, different and more extensive types of tree damage have been observed, involving at least ten species.

Many scientists believe that air pollution is the primary cause of this damage, but it is too early to know whether it is the sulfates, nitrates, oxidants, heavy metals, or some combination of these. If we act too quickly we may focus on the wrong combination of causative factors.

SUPERFUND

EPA is-aggressively implementing the Superfund program enacted by Congress in 1980 to clean-up old chemical and industrial hazardous waste dumps. There are two major authorities in the Superfund law: (1) short-term emergency response authority to act where immediate danger to public health and the environment exist and (2) implementation of long-term remedies to stabilize and clean-up sites. These activities are the Agency's highest priorities for fiscal years 1985 and 1986.

In handling responsibilities under the short-term emergency response authority, over 350 emergency actions have been taken since 1980. In terms of implementing long-term remedies, EPA has identified 546 sites that present a serious threat to public health or the environment and placed them on the National Priority List. This list may grow to include as many as 2200 sites. Some level of activity has begun at virtually every site currently on the National Priority List.

- o Remedial action has begun at 315 sites.
- o Remedial design projects will be underway at 105 sites by the end of this fiscal year.
- o Actual construction will be occurring at 120 sites by the end of the fiscal year.

The Superfund budget will have been tripled from \$210 million to \$640 million and the staff doubled between fiscal years 1983 and 1985. The uses of chemical and petroleum feedstocks are taxed at a rate sufficient to generate the \$1.6 billion over 5 years to provide funds to operate the program.

Through an aggressive enforcement effort, the Agency has taken many enforcement actions against responsible parties to recover cost of clean-up at hazardous waste sites. Thus far, \$280 million has been recovered through settlements with private parties.

In the State of the Union message, President Reagan committed to seeking an extension of the Superfund program when it expires at the end of 1985. The Agency is currently preparing studies on our experience with the Superfund program to provide the basis for determining what changes should be made in the law for use by the Congress next year.

Pesticides

The pesticides law which EPA administers (called the Federal Insecticide, Fungicide, and Rodenticide Act or FIFRA) requires that all pesticides must be registered before they can be sold to the public. This law requires that EPA strike a balance between benefits of pesticide use and the level of risk unavoidably imposed on health and the environment. To make the appropriate decisions, EPA must have data on toxicity, exposure, efficacy and costs; the Agency can request such data for both new pesticides and those already in use.

The Agency's priorities in evaluating such pesticides focus on targeting on those chemicals which have a high likelihood of significant human exposure and may pose a significant risk to the public or the environment. Priority is being given to obtaining data on chronic toxicity -- cancer, reproductive effects, and birth defects -- for all pesticides applied to food crops. Next in terms of priority, are identified pesticides likely to leach into groundwater.

One of the most visible actions the Agency has taken recently is the virtual elimination of all pesticide uses of ethylene dibromide or EDB. Rapid action was taken this year when new data became available confirming groundwater contamination by EDB. As a result, EDB's use as a soil fumigant was suspended in September 1983. The discovery of EDB residues in grain led to a February 1984 decision to cancel its use as a grain fumigant and to establish maximum acceptable residue levels for grain and grain products. Subsequently, the Agency set tolerance levels for EDB in citrus fruit and papayas and reaffirmed its intention to eliminate all domestic use of EDB as a fumigant for these fruits by September 1984. The Agency is continuing to monitor EDB levels and to take necessary follow-up actions.

Enforcement

EPA is continuing to increase its enforcement activity to demonstrate that the Agency has the will and capacity to enforce the nation's environmental laws. The ultimate goal is full compliance.

Administrative orders have almost doubled in the second quarter of FY 1984 over the first quarter levels. Judicial case referrals from EPA's regional offices to headquarters and to the Department of Justice have tripled in the same time period.

The increased activity is the result of management systems focusing on achieving high levels of continuing compliance and built on solid enforcement strategies. By increasing enforcement budgets, especially at the regional level, the Agency is allowing regional offices to increase the number of inspections and levels of administrative enforcement actions.

States have a primary role in enforcement, enforcing federal environmental standards with strong EPA oversight. EPA is developing and improving systems with the States to more consistently track and record state enforcement activity and accomplishments.

The current management effort provides the basis for a long-term effective environment compliance and enforcement program.



THE SECRETARY OF THE INTERIOR
WASHINGTON

Memorandum

To: CABINET COUNCIL ON NATURAL RESOURCES AND ENVIRONMENT
From: William Clark, Chairman Pro Tempore *WLC*
Subject: Department Of Interior Issues

OVERVIEW: A Record of Progress

Background

The federal government owns over 750 million acres of land--one-third of the nation. The Secretary of the Department of the Interior (DOI) is responsible for management of over 510 million acres of land--about one-fifth of the United States--in addition to one billion acres consisting of the Outer Continental Shelf (OCS) and four billion acres in the Exclusive Economic Zone (EEZ). DOI manages:

- ° More than 77 million acres of national parks.
- ° More than 85 million acres of wildlife refuges--an area twice the size of the 6 New England states.
- ° More than 340 million acres of multiple-use public lands under the Bureau of Land Management (BLM).

DOI also:

- ° holds 50 million acres in trust for American Indians; and
- ° is responsible for energy and mineral development on more than 190 million acres of Forest Service lands.

In addition, 82 million acres of the park service, wildlife refuges, BLM and additional Forest Service lands are managed as wilderness and subject to very limited use as required by the Wilderness Act of 1964.

In each area of its responsibility, DOI is charged by law to pursue particular objectives. In national parks, wildlife refuges, and wildernesses, DOI has critical conservation and environmental responsibilities. We are mandated to explore and develop America's oil, gas, and mineral resources on BLM lands and on the OCS.

Additionally, DOI manages water resources in the West through cooperative programs between its Bureau of Reclamation and 17 Western states. DOI also serves as trustee of reserved water rights for more than 50 Indian reservations in the 17 western states.

The Department has a dual mandate: to develop energy and mineral resources and provide for wise use of resources while protecting vital environmental interests.

Five major themes serve as a basis for compliance with laws that detail DOI's mandatory preservation, management and resource development responsibilities. They are:

1. Managing national lands, parks, wildernesses, and refuges and acquisition of selected wetlands and parklands.
2. Providing energy and strategic mineral resources on federal lands.
3. Meeting the nation's demands for adequate supplies of clean water.
4. Going forward with basic research and development programs.
5. Enhancing economic development and educational opportunities for Indian tribes.

ACQUISITION, PROTECTION AND MANAGEMENT OF NATURAL RESOURCES

Fish, Wildlife and Parks

The DOI is improving fish, wildlife, and park programs. The FY 85 budget for the Fish and Wildlife Service (FWS) includes nearly \$58 million for new land acquisitions, \$15 million more than was appropriated for 1984. This will add roughly 66,000 acres to our refuge system with a special emphasis on salvaging critical wetland areas. Since FY 81, approximately \$300 million has been spent for new and existing wildlife refuge areas, representing a 63% increase in funding from 1981 through 1984.

At the same time, we have asked Congress for \$100 million so the National Park Service (NPS) can continue to round out existing units and to purchase private holdings within the parks. We're also actively pursuing alternate ways of protecting park and other outstanding natural areas -- through exchanges, donations, and better tax incentives.

We have made a very substantial federal investment in a Park Restoration and Improvement Program, a five-year, \$1 billion program to make badly needed repairs and improvements in our national parks. This program meets the challenges of a General Accounting Office study which showed that neglected park facilities posed health and safety threats to visitors. We have asked Congress to appropriate \$257 million in FY 1985. This will complete the program one year ahead of schedule.

The FY 85 budget also recommends funding of certain immediate actions to counter the effects of acid rain on fish and wildlife habitats. The FWS will work with states to restore surface waters that have been damaged.

Wildlife

The FY 85 budget request also calls for funding increases of 61% from 1982 to 1985 to protect endangered species, with particular emphasis on recovery. By the close of the last fiscal year, there were 293 U.S. species on the endangered species list. Recovery plans have been developed for some 220 of these species.

Wilderness

A recent compromise by the Senate and the House on releasing non-designated wilderness study lands for other uses has broken the logjam of wilderness bills now pending in the Congress. There are a number of bills which totalled, could add 10 million acres to the wilderness system, an area twice the size of Massachusetts and representing the largest number of acres ever added to the wilderness system in a single year.

While the Forest Service manages most wilderness lands, the Department is responsible for BLM lands that become part of the wilderness system. President Reagan recently signed into law seven bills creating over 2 million new acres of national forest wilderness. In addition, in June, he designated the first BLM wilderness area in the nation -- the Bear Trap Canyon Wilderness area. We support designations to add another 300,000 acres to BLM wilderness.

Wetlands and Wildlife Refuges

Wetlands provide many important biological, economic, and recreational benefits. Yet, these sensitive areas are being converted to other uses at the rate of nearly a half million

acres per year. Associated with this loss is a corresponding loss in fish and wildlife production and support. In response to this loss, the Administration has supported increased efforts, both federal and private, to purchase additional wetlands which are then managed as part of the wildlife refuge system.

The Administration's proposal, Protect Our Wetlands and Duck Resources Act (POWDR), has served as the foundation for pending bi-partisan legislation which would authorize entrance fees at certain units of the National Wildlife Refuge System. The receipts are devoted to the Land and Water Conservation Fund (LWCF) and to states for wetlands conservation efforts.

The President's FY 1985 budget request reflects our continuing commitment to take immediate action to stem the tide of wetlands losses. First, the President is requesting \$20 million from the LWCF for federal acquisition of wetlands. Second, to initiate a state grant program for wetlands conservation, we are requesting \$7.5 million in FY 85.

Third, the Administration has budgeted \$16 million for a new accelerated refuge maintenance management program designed to upgrade deteriorated facilities in the system which contains nearly 89 million acres in 49 states. To protect these fragile systems which serve as a haven for waterfowl, the Administration has no plans to allow oil or gas leasing in these areas.

Wetland protection is also a highly successful example of public and private sector cooperation. Over one-third of our national wildlife refuges have been purchased, in whole or partially, with funds provided by the public through the sale of duck stamps. These sales have generated nearly \$300 million in revenues over the last half a century. Ducks Unlimited, a private conservation organization, will for the first time finance projects to restore wetlands in the United States under a Memorandum of Understanding, signed early in 1984, with the Departments of Interior and Agriculture.

Coastal Barriers

The Administration's Coastal Barrier Resources Act (CBRA) was signed on October 18, 1982. It has been lauded as landmark legislation designed to remove federal involvement, direct or indirect, in development of coastal barriers.

Today, more than 30 million people live in metropolitan areas containing coastal barriers.

Although there have been no major hurricanes on the Atlantic Coast in the last 20 years, experts fear that a storm now could result in a major loss of lives and property. The

federal government through massive assistance programs must share the blame for this increased risk. Not only has this development encouraged high-risk living by a great many people, but it has also led to destruction and damage of habitat of critical importance to finfish, shellfish, water birds, endangered species and other natural resources of significant value.

Outdoor Recreation

The Administration and the Senate have endorsed a bi-partisan proposal to establish an 18-month commission for future guidance for public outdoor recreation policy. That commission would be patterned after the successful Outdoor Recreation Review Commission which recommended among other things, the Land and Water Conservation Fund, wild and scenic rivers system, national trails system and wilderness system, all of which were subsequently enacted into law. A fresh look, 20 years later, could produce equally useful outdoor recreation initiatives.

The Administration has also actively supported expansion of the Dingell-Johnson Fund to improve fishing and boating opportunities for millions of Americans.

HIGH QUALITY WATER SUPPLY AND AVAILABILITY - A NEW PARTNERSHIP WITH THE STATES

New Water Resources Project Construction Starts

The President's policy on financing for water projects provides for increased nonfederal financing of water-project construction and recognizes federal responsibility for dam safety at federally-constructed dams.

There has been no new water project construction starts for five years. The Administration has now budgeted for major new western water development projects, including five new construction starts, and advised the President in the establishment of a feasible program for federal and State sharing of reclamation site costs. At the same time, the Administration has recognized the federal responsibility in financing of dam safety projects. While we are eager to resume necessary reclamation construction, we have closed the door on projects that have outlived their concepts or useful potential--for example, banning further consideration of a dam in the Grand Canyon and returning the lands in question to Indian and National Park Service jurisdiction.

There is a \$60 billion backlog of authorized water resources projects. Rehabilitation of existing projects and systems (including municipal and other non-federal entities) will cost more than \$113 billion before the end of the century. Elimination of the backlog and rehabilitation of the existing structures would merely keep up with current water supply needs, with little provision for future growth. Continuation of the Administration's cost-sharing and new-starts policy is necessary to meet expanded needs. Assuring the most effective use and management of water will depend not only on the recognition of the interdependence between federal and state governments, and between the private and public sectors, but also on greater reliance on economic incentives, in such matters as water pricing and allocation procedures.

The United States Geological Survey (USGS) has published two documents which provide guidance to federal, state and local governments on water needs. "The National Water Summary," is the first of an annual series of publications designed to provide current information on water problems and issues throughout the United States. "Water in America," provides an overview of policy issues. These publications represent the first comprehensive look at America's water future.

WISE MANAGEMENT OF ENERGY, STRATEGIC AND OTHER MINERAL RESOURCES ON FEDERAL LANDS: A RETURN TO BALANCE

Eighty-five percent of petroleum still to be discovered in America is likely to come from public resources, 67 percent gas, 35 percent of coal, 80 percent of oil shale, nearly all of the tar sands, and a substantial portion of uranium and geothermal energy yet to be produced, will come from public lands.

Outer Continental Shelf Development

The U.S. today--more than a decade after the first shock of an oil shortage--is still dependent on foreign imports for nearly a third of its oil consumption. In contrast the Soviets are actually exporters of oil and gas. The most promising domestic frontier area for oil and gas exploration is the OCS. In recognition of our energy needs, Congress enacted the OCS Lands Act Amendments of 1978 to encourage offshore development.

The Department is promoting additional OCS energy development accordance with law, DOI consults with states, concerned citizens and private organizations at each step of the process. We are focusing lease sales on the most promising areas, while deleting from consideration those areas having other dominant uses or environmental sensitivity.

It is important to note that our environmental record on offshore leasing since 1969 has been outstanding. However, despite our OCS energy needs and our environmental record, pending legislation and moratoria continue to threaten this program.

Federal Coal Leasing Program - Needed Reforms Underway

DOI has legislative responsibility for leasing federal lands containing coal. A rapid increase in demand for lease sales in the 1960's led to a departmental moratorium in 1971, based on concern that lands were being leased primarily for speculation rather than for development. Coal leasing did not resume on a large scale until July 1979. The first major sale under this program was held in January 1981.

In July 1983, in response to questions raised concerning program procedures, the Congress directed that the Secretary establish the Commission on Fair Market Value (FMV) for Federal Coal Leasing. The Linowes Commission was instructed to review and recommend policies and procedures to ensure receipt of fair market value for federal coal leases.

By the end of the year, we will have in place a responsible program for orderly leasing of federal coal resources at fair market values under procedures proposed as a result of our programmatic review which incorporate all but one of the administrative recommendations made by the Commission. The Department is of the view that a federal coal deposit should be mined only if it meets the needs of the nation and is compatible with environmental protection.

Onshore Oil and Gas Leasing

BLM is responsible for administering minerals--both energy and non-energy--on all of the public lands in the U.S. (except OCS). In other words, BLM must administer mineral development (or non-development) of one-third of the nation's total land area.

Preliminary fiscal year 1983 figures show oil production of 177 million barrels and gas production of 1.2 trillion cubic feet from these lands.

BLM suspended the twenty-five year old noncompetitive, simultaneous oil and gas leasing program in October 1983 after discovering problems with several tracts offered through the program which should have been leased competitively because they were in areas known to have oil potential.

Actions taken during suspension are designed to correct this problem and to protect consumers from being misled about lease potential by unscrupulous lease filing services.

Strategic and Critical Minerals

The U.S. is dependent upon foreign supply sources to meet 50 percent or more of its needs for nearly two dozen essential nonfuel minerals. For eight of these minerals, more than 90 percent of domestic requirements must be imported, often from unfriendly countries. In 1983 the trade deficit attributable to the excess of imports over exports of these commodities was about 12 billion dollars. Some of the critical materials are essential for both peacetime and defense-related needs of the U.S.

The President has taken a number of steps to correct deficiencies such as the first purchase for the stockpile in 20 years. He submitted a National Materials and Minerals Program Plan to Congress in April 1982, and has established a bipartisan Advisory Committee to advise on peacetime and defense mobilization responsibilities and needs.

In March 1983, the President declared an Exclusive Economic Zone (EEZ) off the U.S. coastlines. This added nearly 4 billion acres to areas available for minerals exploration and discovery. Among the discoveries to date are deposits of polymetallic sulfide minerals in the coastal waters of California and Oregon, and cobalt-rich crusts on submerged mountainsides in the central Pacific. Programs are underway to define the minerals resources available in the EEZ and to determine if they can be extracted economically without adverse environmental impacts.

EXECUTIVE SUMMARY

A Record of Progress

This Administration has an outstanding record of accomplishment in the protection and management of our natural resources. Significant achievements within the past three and one-half years are:

- A five-year, \$1 billion park restoration and improvement program designed to make badly needed repairs and improvements in our national parks.
- Support of legislation to establish an 18-month bipartisan commission for future guidance for public outdoor recreation policy.
- Leadership in expanding the Dingell-Johnson Fund by millions of dollars annually in order to improve fishing and boating opportunities for millions of Americans.
- Support of legislation to add over 5 million acres, an area approximately twice the size of Massachusetts, to our wilderness system. This Administration will increase wilderness designation by almost 50% of the total wilderness designated thus far.
- Addition of 275,000 acres to our wildlife refuge system in the last three years. Expenditure of nearly \$300 million for the management of these refuges; an increase of 63% over the last 4 years.
- Proposal of the Coastal Barrier Resources Act, signed into law on October 18, 1982, which removes Federal involvement in the development of our coastal barriers.
- Implementation of needed reforms in the Federal coal leasing program.
- Return to needed balance in the management of our energy, strategic and other mineral resources on Federal lands.
- Undertaken a long overdue review of our strategic and critical minerals policies.
- Entered into a new cooperative partnership with the states to assure an adequate supply of clean water for some of our more arid regions.